

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2006

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INDEPENDENT AUDITOR'S REPORT

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as of and for the year ended June 30, 2006, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Central Utah Mental Health/Substance Abuse Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2006, on our consideration of Central Utah Mental Health/Substance Abuse Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 33 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Executive Committee
Central Utah Mental Health/Substance Abuse Center

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Utah Mental Health/Substance Abuse Center's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of addition analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Central Utah Mental Health/Substance Abuse Center. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 22, 2006
Richfield, Utah

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

This discussion of the Central Utah Mental Health/Substance Abuse Center (Center) financial performance provides an overview of the Center's financial activities for the year ending June 30, 2006. This report is in conjunction with the Center's financial statements. The Center's purpose is to provide quality comprehensive mental health and substance abuse treatment and prevention services to the residents of the six county area.

Financial Highlights

- * The assets of the Center exceeded its liabilities as of the close of the most recent year by \$3,324,503 (net assets). Of this amount, \$1,391,660 (unrestricted net assets) may be used to meet the Center's ongoing obligations to employees and creditors.
- * The Center's total net assets increased by \$113,601. The revenues were more than the adopted budgeted amounts, and expenditures were more than the adopted budgeted amounts.
- * At the close of the current year, the Center's governmental funds reported ending fund balances of \$2,659,954 an DEcrease of \$34,651 in comparison with the prior year. Approximately 62 percent of this total amount, \$1,659,954 is available for spending at the Center's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$1,659,954, or 31 percent of total general fund expenditures.
- * The Center's compensated absences increased by \$21,754 during the current year. Long-term debt decreased \$35,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The *statement of activities* presents information showing how the Center's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues and earned by unused vacation leave).

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Both of the government-wide financial statements include functions of the Center that are principally supported by fees and intergovernmental revenues (governmental activities). These activities include Mental Health and Substance Abuse services.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Center maintains one governmental fund, the General Fund.

The Center adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$3,324,503 at the close of the most recent fiscal year.

One portion of the Center's net assets (28 percent) reflects its investment in capital assets (e.g. equipment and vehicles) less any related debt required to purchase those assets that is still outstanding. The Center uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Center has determined that all asset purchases in excess of \$5,000 will be capitalized.

Central Utah Mental Health/Substance Abuse Center's Net Assets

	Governmental Activities		
	2006	2005	Change
Current and Other Assets	4,367,699	3,160,447	1,207,252
Capital Assets	1,453,843	1,318,837	135,006
Total Assets	5,821,542	4,479,284	1,342,258
Long-Term Liabilities	752,294	767,540	(15,246)
Other Liabilities	1,744,745	500,842	1,243,903
Total Liabilities	2,497,039	1,268,382	1,228,657
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	932,843	762,837	170,006
Restricted	1,000,000	1,000,000	-
Unrestricted	1,391,660	1,448,065	(56,405)
Total Net Assets	3,324,503	3,210,902	113,601

A portion of the Center's net assets (30 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,477,978, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Center is able to report positive balances in all three categories of net assets, for the government as a whole.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Governmental Activities

Governmental activities increased the Center's net assets by \$113,661. Key elements of the changes are shown below.

Central Utah Mental Health/Substance Abuse Center's Changes in Net Assets

	Governmental Activities		
	2006	2005	Change
Revenues:			
Program Revenues:			
Charges for Services	4,484,035	4,187,525	296,510
Operating Grants	2,269,709	2,175,950	93,759
Capital Grants	-	-	-
General Revenues:			
Unrestricted Investment Earnings	127,722	60,485	67,237
Total Revenues	6,881,466	6,423,960	457,506
Expenses:			
General Government:			
Salaries & Fringes	3,450,335	3,216,430	233,905
Operating Costs	569,013	595,650	(26,637)
Contractual	413,273	464,905	(51,632)
Medical Treatment	504,442	334,960	169,482
Medicaid Match	783,831	1,007,603	(223,772)
Medicaid Overpayment	670,280		670,280
Depreciation	128,444	117,704	10,740
Rents & Utilities	248,247	230,320	17,927
Total Expenses	6,767,865	5,967,572	800,293
Increase in Net Assets	113,601	456,388	(342,787)
Net Assets - Beginning	3,210,902	2,754,514	456,388
Net Assets - Ending	3,324,503	3,210,902	113,601

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Governmental Funds

The focus of the Center's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Center's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Center's governmental fund reported ending fund balances of \$2,659,954 an decrease of \$34,651 in comparison with the prior year. Approximately 62 percent of this amount, \$1,659,954 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) \$900,000 for Medicaid Contract, and 2) \$100,000 for Medicaid Inpatient.

The general fund is the chief operating fund of the Center. At the end of the current year, unreserved fund balance of the general fund was \$1,659,954, and total fund balance was \$2,659,554. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30 percent of total general fund expenditures, while total fund balance represents 49 percent of that same amount.

General Fund Budgetary Highlights

Budgets were prepared for both the Mental Health and Substance Abuse Departments. These budgets were not changed during the year. These budgets were combined for presentation in the Budgetary Comparison Schedule for the General Fund.

Of the total general fund expenditures, none was funded out of prior year's unreserved fund balance.

Capital Asset and Debt Administration

Capital Assets

The Center's investment in capital assets for its governmental activities as of June 30, 2006, was \$1,453,843 (net of accumulated depreciation). This investment in capital assets includes buildings, equipment and vehicles. Long-Term debt related to these assets was \$521,000.

	Governmental Activities		
	2006	2005	Change
Land	141,000	62,000	79,000
Buildings	1,048,941	1,089,217	(40,276)
Equipment	8,269	49,726	(41,457)
Vehicles	255,633	117,894	137,739
Total (Net of Depreciation)	<u>1,453,843</u>	<u>1,318,837</u>	<u>135,006</u>

Additional information on the Center's capital assets can be found in the notes to the financial statements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Long -Term Debt

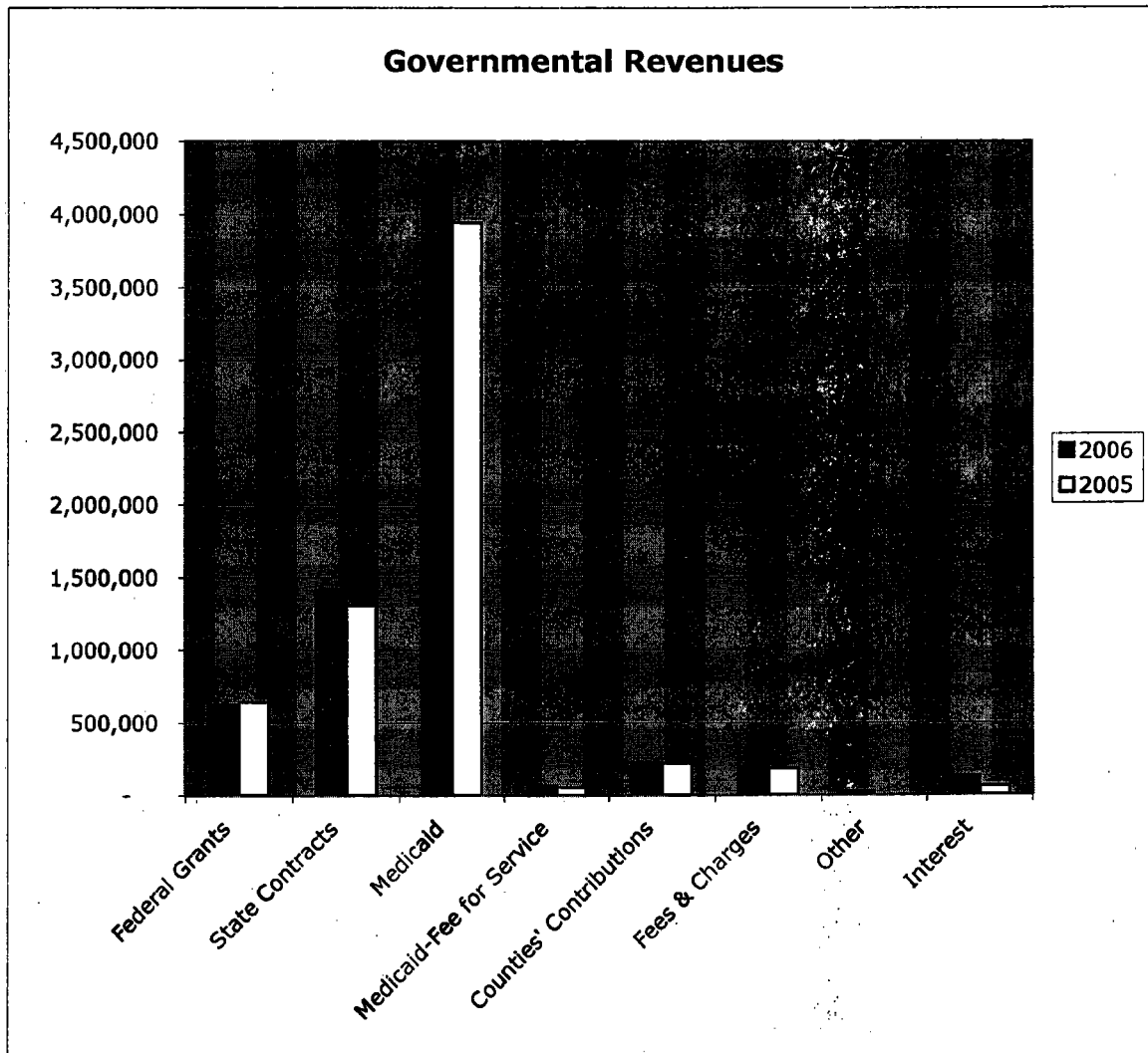
Long-Term Debt consists of a lease obligation due to the Sanpete County Municipal Building Authority for a lease-purchase on a building in Mt. Pleasant, Utah. The balance of the liability at year end was \$521,000.

Request for Information

This financial report is designed to provide a general overview of the Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Central Utah Mental Health/Substance Abuse Center, 255 West Main, Mt. Pleasant, Utah, 84647.

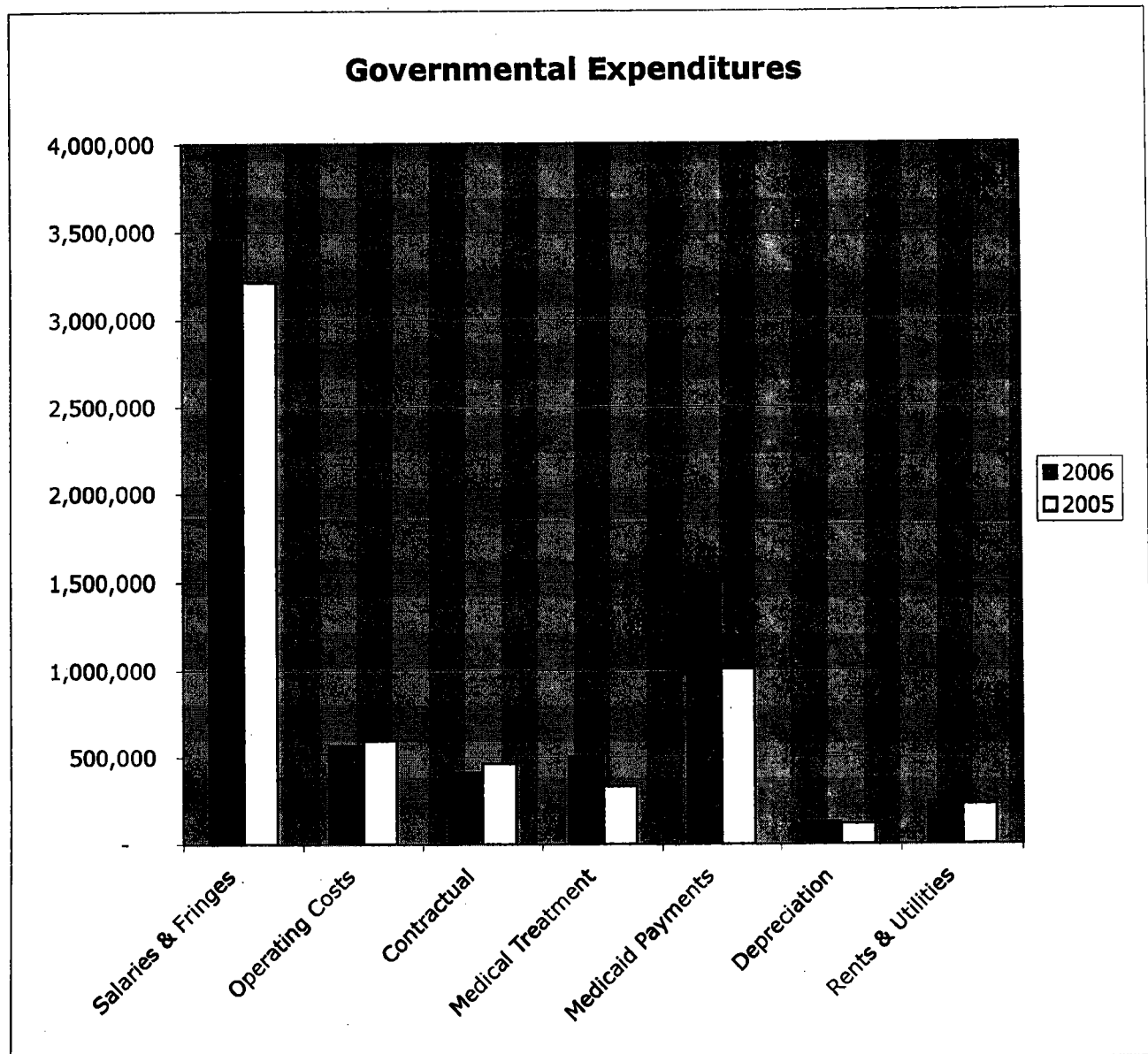
CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
Governmental Revenues
'For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Federal Grants	626,241	641,859
State Contracts	1,417,723	1,310,201
Medicaid	4,203,774	3,915,062
Medicaid-Fee for Service	64,301	54,696
Counties' Contributions	225,745	223,890
Fees & Charges	190,585	187,767
Other	25,375	-
Interest	127,722	60,485
Total Revenues	6,881,466	6,423,960



CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
Governmental Expenditures
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Salaries & Fringes	3,450,335	3,216,430
Operating Costs	569,014	595,650
Contractual	413,272	464,905
Medical Treatment	504,442	334,960
Medicaid Payments	1,540,429	1,007,603
Depreciation	128,444	117,704
Rents & Utilities	248,247	230,320
Total Expenditures	6,854,183	5,967,572





BASIC FINANCIAL STATEMENTS

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF NET ASSETS**

June 30, 2006

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	4,004,799
Due From Other Government Units	<u>362,900</u>
Total Current Assets	<u>4,367,699</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	141,000
Buildings	1,048,941
Equipment	8,269
Vehicles	<u>255,633</u>
Total Noncurrent Assets	<u>1,453,843</u>
TOTAL ASSETS	<u>5,821,542</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,707,745
Lease Obligations - Due Within One Year	<u>37,000</u>
Total Current Liabilities	<u>1,744,745</u>
Noncurrent Liabilities:	
Lease Obligations - Due More Than One Year	484,000
Compensated Absences	<u>268,294</u>
Total Noncurrent Liabilities	<u>752,294</u>
TOTAL LIABILITIES	<u>2,497,039</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	932,843
Restricted For:	
Medicaid Contract	900,000
Medicaid Inpatient	100,000
Unrestricted	<u>1,391,660</u>
TOTAL NET ASSETS	<u>3,324,503</u>
TOTAL LIABILITIES AND NET ASSETS	<u>5,821,542</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs Primary Government: Governmental Activities:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Governmental Activities	Total
Public Health	6,767,865	4,484,035	2,269,709	(14,121)	(14,121)
Total Governmental Activities	<u>6,767,865</u>	<u>4,484,035</u>	<u>2,269,709</u>	<u>(14,121)</u>	<u>(14,121)</u>
General Revenues:					
Unrestricted Investment Earnings				<u>127,722</u>	<u>127,722</u>
Total General Revenues and Transfers				<u>127,722</u>	<u>127,722</u>
Change in Net Assets				113,601	113,601
Net Assets - Beginning				<u>3,210,902</u>	<u>3,210,902</u>
Net Assets - Ending				<u>3,324,503</u>	<u>3,324,503</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	4,004,799
Due From Other Government Units	<u>362,900</u>
TOTAL ASSETS	<u><u>4,367,699</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>1,707,745</u>
Total Liabilities	<u>1,707,745</u>
Fund Balances:	
Reserved For:	
Medicaid Contract	900,000
Medicaid Inpatient	100,000
Unreserved, Reported In:	
General Fund	<u>1,659,954</u>
Total Fund Balance	<u>2,659,954</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>4,367,699</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2006

Total Fund Balances - Governmental Fund Types	2,659,954
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	141,000	
Buildings	1,048,941	
Vehicles	255,633	
Equipment	<u>8,269</u>	
 Total		 1,453,843

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(268,294)	
Bonds	<u>(521,000)</u>	
 Total		 <u>(789,294)</u>

Net Assets of Government Activities	<u><u>3,324,503</u></u>
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**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund
Revenues:	
Federal Grants	626,241
Contracts With State Agencies	1,417,723
Medicaid	4,290,092
Medicaid - Fee for Service	64,301
Medicare	778
Counties Contributions	225,745
Fees and Charges	190,585
Interest	127,722
Other	24,597
Total Revenues	6,967,784
Less: Medicaid Match Returned	(870,149)
Medicaid Revenue Returned	(670,280)
Other Revenue Returned	(728)
Net Revenues	5,426,627
Expenditures:	
Current:	
Salaries and Wages	2,465,184
Fringe Benefits	985,151
Travel	229,130
Supplies	83,989
Rent and Building Payments	113,914
Utilities	169,333
Insurance	80,225
Administrative Charges	73,540
Contractual	413,273
County Programs	37,375
Adult and Youth Treatment	240,573
Hospital, Drugs and Medical	226,474
Miscellaneous	33,637
Capital Outlay	309,480
Total Expenditures	5,461,278
Net Change In Fund Balance	(34,651)
Fund Balance - Beginning	2,694,605
Fund Balance - Ending	2,659,954

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(34,651)
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	263,450	
Depreciation Expense	<u>(128,444)</u>	
Total		135,006

The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items:

Principal on Long-Term Debt	35,000
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Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Increase in Compensated Absences	<u>(21,754)</u>
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Changes In Net Assets of Governmental Activities	<u><u>113,601</u></u>
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**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Utah Mental Health/Substance Abuse Center:

The Central Utah Mental Health/Substance Abuse Center is organized under the laws of the State of Utah. The Central Utah Mental Health/Substance Abuse Center serves six counties which includes Millard, Juab, Sanpete, Sevier, Wayne and Piute Counties, commonly referred to as the Six County area. The six counties have established a Mental Health/Substance Abuse Authority Board to govern the operation of the Central Utah Mental Health/Substance Abuse Center. This Board consists of one designated County commissioner from each of the six counties.

The Central Utah Mental Health/Substance Abuse Center was established to provide quality comprehensive mental health and substance abuse treatment and prevention services to the residents of the six county area.

The accompanying basic financial statements present the financial position of the General Fund and the results of operations of the General Fund. The basic financial statements are presented for the fiscal year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes Central Utah Mental Health/Substance Abuse Center, incorporated in the State of Utah, has included all funds and account groups. Central Utah Mental Health/Substance Abuse Center has no component units or related organizations. As required by generally accepted accounting principles, these financial statements present Central Utah Mental Health/Substance Abuse Center, the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include property, plant, equipment, and vehicles are reported in the applicable governmental type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Building and Structures	40 Years
Equipment	5 - 15 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year paid, as it is the Central Utah Mental Health/Substance Abuse Center's policy to liquidate any unpaid vacation or sick leave at December 31st from future resources rather than from currently available expendable resources.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets

The Central Utah Mental Health/Substance Abuse Center adopts a budget for the General Fund. The adopted budget is prepared using the same basis of accounting as the Center's financial statements. All budget amounts presented in the accompanying financial statements may have been adjusted for legally authorized revisions of the annual budgets during the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2006 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	284,780
Investment - PTIF	<u>3,720,019</u>
Total Cash and Investments	<u><u>4,004,799</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	<u><u>4,004,799</u></u>
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CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Center funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$3,720,019 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 3 - DUE FROM OTHER GOVERNMENT UNITS

Amounts due from the governmental agencies of \$362,900 consists mainly of monies due from grants and contracts with federal, state and local government agencies. Receivables from other sources are not shown as revenues due to the uncertainty of collections. The following is a summary of accounts receivable:

<u>Description</u>	<u>Amount</u>
Federal	20,766
State	265,175
Medicaid - Fee for Service	<u>76,959</u>
Total	<u><u>362,900</u></u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>62,000</u>	<u>79,000</u>	<u>-</u>	<u>141,000</u>
Capital Assets Being Depreciated:				
Buildings	1,428,401	7,590	-	1,435,991
Machinery and Equipment	103,585	-	-	103,585
Vehicles	<u>316,464</u>	<u>176,860</u>	<u>-</u>	<u>493,324</u>
Total Capital Assets Being Depreciated	<u>1,848,450</u>	<u>184,450</u>	<u>-</u>	<u>2,032,900</u>
Less Accumulated Depreciation For:				
Buildings	339,184	47,866	-	387,050
Machinery and Equipment	53,859	41,457	-	95,316
Vehicles	<u>198,570</u>	<u>39,121</u>	<u>-</u>	<u>237,691</u>
Total Accumulated Depreciation	<u>591,613</u>	<u>128,444</u>	<u>-</u>	<u>720,057</u>
Total Capital Assets Being Depreciated (Net)	<u>1,256,837</u>	<u>56,006</u>	<u>-</u>	<u>1,312,843</u>
Governmental Activities Capital Assets, Net	<u><u>1,318,837</u></u>	<u><u>56,006</u></u>	<u><u>-</u></u>	<u><u>1,453,843</u></u>

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable of \$1,707,745 consists of monies owed to various vendors and agencies at June 30, 2006, and paid in subsequent periods.

The following is a summary of accounts payable:

<u>Description</u>	<u>Amount</u>
Medicaid Match	866,630
Substance Abuse Services	27,487
Contractual	670,280
Regular Vendor Accounts Payable	<u>143,348</u>
Total	<u><u>1,707,745</u></u>

NOTE 6 - GENERAL LONG-TERM DEBT

Notes Payable:

During 1997 the Central Utah Mental Health entered into a lease purchase agreement with the Municipal Building Authority of Sanpete County for the purpose of constructing a mental health facility in Ephraim, Utah. The Sanpete County Municipal Building Authority issued bonds in the amount of \$750,000 to finance the construction of the building. Central Utah Mental Health then pays a lease payment in the same amount as the bond payment to Zions Bank who purchased the bonds. The lease agreement calls for interest only payments in June and principal and interest payments in December.

The following is a summary of lease payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	37,000	18,939	55,939
2007-2008	39,000	16,716	55,716
2008-2009	35,000	14,963	49,963
2009-2010	37,000	13,702	50,702
2010-2011	39,000	12,373	51,373
2012-2016	229,000	39,288	268,288
2017-2021	<u>105,000</u>	<u>3,623</u>	<u>108,623</u>
Total	<u><u>521,000</u></u>	<u><u>119,604</u></u>	<u><u>640,604</u></u>

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 6 - GENERAL LONG-TERM DEBT (CONTINUED)

The following is a statement of changes in Long-Term Debt for the year ending June 30, 2006:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Ephraim Building Lease	<u>556,000</u>	<u>-</u>	<u>35,000</u>	<u>521,000</u>

Compensated Absences:

Compensated absences of Central Utah Mental Health/Substance Abuse Center represent accrued vacation pay at June 30, 2006, in the amount of \$268,294.

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Compensated Absences	<u>246,540</u>	<u>21,754</u>	<u>-</u>	<u>268,294</u>

NOTE 7 - RESERVED FUND BALANCES

Reserved fund balance represents that portion of fund balance which is either not subsequently appropriated for expenditure or legally segregated for specific use.

State Medicaid requires that the Central Utah Mental Health/Substance Abuse Center establish and maintain a funded reserve balance to cover the cost of all services provided. The amount of this reserve fund must be at least equal to the Center's expected average expenses for all services for a 60-day period. This funded reserve is calculated at total projected annual expenses divided by twelve, times two. Central Utah Mental Health/Substance Abuse Center must notify the Department of Health in writing if the funded reserve drops below the required balance. The Center determined that this amount at June 30, 2006 was \$900,000. The Medicaid Contract also establishes that the Center be responsible for unanticipated inpatient costs in excess of annual premiums. The Center has determined to reserve \$100,000 for this risk pool.

NOTE 8 - STATE OF UTAH RETIREMENT PLANS

Local Governmental - Cost Sharing:

Plan Description:

Central Utah Mental Health/Substance Abuse Center contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 8 - STATE OF UTAH RETIREMENT PLANS

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The System issues a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Central Utah Mental Health/Substance Abuse Center is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Central Utah Mental Health/Substance Abuse Center's contributions to the various systems for the years ending June 30, 2006, 2005 and 2004 respectively were; for the Noncontributory Retirement Systems, \$346,437.19, \$339,534.03, and \$288,853.79 respectively. The contributions were equal to the required contributions for each year.

Payroll for Central Utah Mental Health/Substance Abuse Center is contracted and processed by Six County Association of Governments, therefore, these contributions included those made for employees of Six County Association of Governments.

NOTE 9 - RISK MANAGEMENT

Central Utah Mental Health/Substance Abuse is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Center is insured through the Utah Local Governments Trust for general liability coverage. The limits of coverage is \$3,000,000 combined single limit per occurrence with \$1,000 deductible for each occurrence.

The Trust also covers automobile liability in the amount of \$2,000,000 combined single limit per accident and bodily injury of \$2,000,000 aggregate each policy with a \$0 deductible per each accident. Uninsured motorist coverage is \$65,000 limit each accident and \$65,000 aggregate each policy. Underinsured motorist is \$50,000 limit each accident.

The Central Utah Mental Health/Substance Abuse Center is also covered for replacement cost of buildings and equipment through the Local Governments Trust.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Continued

NOTE 9 - RISK MANAGEMENT (CONTINUED)

Property and equipment coverage is for replacement cost with a \$1,000 deductible.

Workers Compensation coverage is also with the Utah Local Governments Trust.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 10 - MEDICAID SETTLEMENT

A preliminary Medicaid settlement has been made. The Center has a payable due to Medicaid of \$670,279.95. This will be deducted from the billings in the next fiscal year. A final determination could result in additional revenues or additional liability due to Medicaid.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Grants	484,128	484,128	626,241	142,113
Contracts with State Agencies	1,430,415	1,430,415	1,417,723	(12,692)
Medicaid	3,615,000	3,615,000	4,290,092	675,092
Medicaid - Fee for Service	114,985	114,985	64,301	(50,684)
Medicare	-	-	778	778
Counties Contributions	225,745	225,745	225,745	-
Fees and Charges	244,353	244,353	190,585	(53,768)
Interest	52,000	52,000	127,722	75,722
Other	19,000	19,000	24,597	5,597
Total Revenues	6,185,626	6,185,626	6,967,784	782,158
Less: Medicaid Match Returned	(774,000)	(774,000)	(870,149)	(96,149)
Medicaid Revenue Returned	-	-	(670,280)	(670,280)
Other Revenue Returned	(3,500)	(3,500)	(728)	2,772
Net Revenues	5,408,126	5,408,126	5,426,627	18,501
Expenditures:				
Salaries and Wages	2,432,588	2,432,588	2,465,184	(32,596)
Fringe Benefits	1,064,820	1,064,820	985,151	79,669
Travel	187,050	187,050	229,130	(42,080)
Supplies	92,200	92,200	83,989	8,211
Rent	108,580	108,580	113,914	(5,334)
Utilities	114,500	114,500	169,333	(54,833)
Insurance	67,500	67,500	80,225	(12,725)
Administrative Charges	73,540	73,540	73,540	-
Contractual	324,000	324,000	413,273	(89,273)
County Programs	75,250	75,250	37,375	37,875
Adult and Youth Treatment	250,289	250,289	240,573	9,716
Hospital, Drugs and Medical	421,500	421,500	226,474	195,026
Miscellaneous	26,000	26,000	33,637	(7,637)
Capital Outlay	170,309	170,309	309,480	(139,171)
Total Expenditures	5,408,126	5,408,126	5,461,278	(53,152)
Excess Revenues Over (Under) Expenditures	-	-	(34,651)	(34,651)
Fund Balance - Beginning			2,694,605	
Fund Balance - Ending			<u>2,659,954</u>	

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For The Fiscal Year Ended June 30, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the Center's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Center's Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

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is used to assist in formatting, for easier reading)

COMBINING STATEMENTS AND SCHEDULES

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
COMBINING BALANCE SHEET
GENERAL FUND BY DEPARTMENT**

For The Fiscal Year Ended June 30, 2006

	<u>Mental Health</u>	<u>Substance Abuse</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents:			
Unrestricted	4,107,992	(103,193)	4,004,799
Due from Other Governmental Units	<u>163,204</u>	<u>199,696</u>	<u>362,900</u>
TOTAL ASSETS	<u><u>4,271,196</u></u>	<u><u>96,503</u></u>	<u><u>4,367,699</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	<u>1,657,471</u>	<u>50,274</u>	<u>1,707,745</u>
Total Liabilities	<u><u>1,657,471</u></u>	<u><u>50,274</u></u>	<u><u>1,707,745</u></u>
Fund Balances:			
Reserved For:			
Medicaid Contract	1,000,000	-	1,000,000
Unreserved	<u>1,613,725</u>	<u>46,229</u>	<u>1,659,954</u>
Total Fund Balance	<u><u>2,613,725</u></u>	<u><u>46,229</u></u>	<u><u>2,659,954</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>4,271,196</u></u>	<u><u>96,503</u></u>	<u><u>4,367,699</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND BY DEPARTMENT**

For The Fiscal Year Ended June 30, 2006

	<u>Mental Health</u>	<u>Substance Abuse</u>	<u>Total</u>
Revenues:			
Federal Grants	118,163	508,078	626,241
Contracts With State Agencies	1,027,680	390,043	1,417,723
Medicaid	4,290,092	-	4,290,092
Medicaid - Fee for Service	10,266	54,035	64,301
Medicare	-	778	778
Counties Contributions	172,861	52,884	225,745
Fees and Charges	75,991	114,594	190,585
Interest	127,722	-	127,722
Other	22,365	2,232	24,597
	<u>5,845,140</u>	<u>1,122,644</u>	<u>6,967,784</u>
Total Revenues			
Less: Medicaid Match Returned	(863,182)	(6,967)	(870,149)
Medicaid Revenue Returned	(670,280)	-	(670,280)
Other Revenue Returned	(578)	(150)	(728)
	<u>4,311,100</u>	<u>1,115,527</u>	<u>5,426,627</u>
Net Revenues			
Expenditures:			
Salaries and Wages	1,935,333	529,851	2,465,184
Fringe Benefits	780,754	204,397	985,151
Travel	181,670	47,460	229,130
Supplies	65,505	18,484	83,989
Rent	87,256	26,658	113,914
Utilities	125,443	43,890	169,333
Insurance	65,722	14,503	80,225
Administrative Charges	55,000	18,540	73,540
Contractual	363,019	50,254	413,273
County Programs	-	37,375	37,375
Adult and Youth Treatment	152,036	88,537	240,573
Hospital, Drugs and Medical	224,555	1,919	226,474
Miscellaneous	8,547	25,090	33,637
Capital Outlay	300,260	9,220	309,480
	<u>4,345,100</u>	<u>1,116,178</u>	<u>5,461,278</u>
Total Expenditures			
Excess Revenues Over (Under)			
Expenditures	(34,000)	(651)	(34,651)
Fund Balance - Beginning	2,647,725	46,880	2,694,605
Fund Balance - Ending	<u>2,613,725</u>	<u>46,229</u>	<u>2,659,954</u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Federal Grants	130,900	130,900	118,163	(12,737)
Contracts with State Agencies	1,017,800	1,017,800	1,027,680	9,880
Medicaid	3,615,000	3,615,000	4,290,092	675,092
Medicaid - Fee for Service	9,000	9,000	10,266	1,266
Counties Contributions	172,861	172,861	172,861	-
Fees and Charges	1,000	1,000	75,991	74,991
Interest	50,000	50,000	127,722	77,722
Other	5,000	5,000	22,365	17,365
Use of Fund Balance	-	200,000	-	(200,000)
Total Revenues	5,001,561	5,201,561	5,845,140	643,579
Less: Medicaid Match Returned	(745,000)	(745,000)	(863,182)	(118,182)
Medicaid Revenue Returned	-	-	(670,280)	(670,280)
Other Revenue Returned	(2,500)	(2,500)	(578)	1,922
Net Revenues	4,254,061	4,454,061	4,311,100	(142,961)
Charges to Appropriations (Outflows):				
Salaries and Wages	1,896,889	1,896,889	1,935,333	(38,444)
Fringe Benefits	827,869	827,869	780,754	47,115
Travel	146,900	146,900	181,670	(34,770)
Supplies	74,000	74,000	65,505	8,495
Rent	84,000	84,000	87,256	(3,256)
Utilities	87,000	87,000	125,443	(38,443)
Insurance	56,500	56,500	65,722	(9,222)
Administrative Charges	55,000	55,000	55,000	-
Contractual	301,000	301,000	363,019	(62,019)
Adult and Youth Treatment	149,565	149,565	152,036	(2,471)
Hospital, Drugs and Medical	419,500	419,500	224,555	194,945
Miscellaneous	10,000	10,000	8,547	1,453
Capital Outlay	145,838	345,838	300,260	45,578
Total Charges to Appropriations	4,254,061	4,454,061	4,345,100	108,961
Excess Revenues Over (Under) Expenditures	-	-	(34,000)	(34,000)
Fund Balance - Beginning			2,647,725	
Fund Balance - Ending			2,613,725	

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
SUBSTANCE ABUSE**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues:				
Federal Grants	353,228	353,228	508,078	154,850
Contracts with State Agencies	412,615	412,615	390,043	(22,572)
Medicaid - Fee for Service	105,985	105,985	54,813	(51,172)
Counties Contributions	52,884	52,884	52,884	-
Fees and Charges	243,353	243,353	114,594	(128,759)
Interest	2,000	2,000	-	(2,000)
Other	14,000	14,000	2,232	(11,768)
 Total Revenues	 1,184,065	 1,184,065	 1,122,644	 (61,421)
 Less: Medicaid Match Returned	 (29,000)	 (29,000)	 (6,967)	 22,033
Other Revenue Returned	(1,000)	(1,000)	(150)	850
 Net Revenues	 1,154,065	 1,154,065	 1,115,527	 (38,538)
 Expenditures:				
Salaries and Wages	535,699	535,699	529,851	5,848
Fringe Benefits	236,951	236,951	204,397	32,554
Travel	40,150	40,150	47,460	(7,310)
Supplies	18,200	18,200	18,484	(284)
Rent	24,580	24,580	26,658	(2,078)
Utilities	27,500	27,500	43,890	(16,390)
Insurance	11,000	11,000	14,503	(3,503)
Administrative Charges	18,540	18,540	18,540	-
Contractual	23,000	23,000	50,254	(27,254)
County Programs	75,250	75,250	37,375	37,875
Adult and Youth Treatment	100,724	100,724	88,537	12,187
Hospital, Drugs and Medical	2,000	2,000	1,919	81
Miscellaneous	16,000	16,000	25,090	(9,090)
Capital Outlay	24,471	24,471	9,220	15,251
 Total Expenditures	 1,154,065	 1,154,065	 1,116,178	 37,887
 Excess Revenues Over (Under) Expenditures	 -	 -	 (651)	 (651)
 Fund Balance - Beginning			 46,880	
 Fund Balance - Ending			 46,229	

(This page contains no information and
is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

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is used to assist in formatting, for easier reading)

Kimball & Roberts

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as and for the year ended June 30, 2006, which collectively comprise Central Utah Mental Health/Substance Abuse Center's basic financial statements and have issued our report thereon dated November 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Utah Mental Health/Substance Abuse Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Utah Mental Health/Substance Abuse Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Central Utah Mental Health/Substance Abuse Center in a separate letter dated November 22, 2006.

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Page -2-

This report is intended solely for the information and use of management, executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 22, 2006
Richfield, Utah

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

Compliance

We have audited the compliance of Central Utah Mental Health/Substance Abuse Center with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Central Utah Mental Health/Substance Abuse Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central Utah Mental Health/Substance Abuse Center's management. Our responsibility is to express an opinion on Central Utah Mental Health/Substance Abuse Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Utah Mental Health/Substance Abuse Center's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Utah Mental Health/Substance Abuse Center's compliance with those requirements.


In our opinion, Central Utah Mental Health/Substance Abuse Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Central Utah Mental Health/Substance Abuse Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Central Utah Mental Health/Substance Abuse Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 22, 2006
Richfield, Utah

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Central Mental Health/Substance Abuse Center.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Central Utah Mental Health/Substance Abuse Center were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Central Utah Mental Health/Substance Abuse Center expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Central Utah Mental Health/Substance Abuse Center.
7. The program tested as a major program include: Block Grants for Prevention and Treatment of Substance Abuse, CFDA 93.959.
8. The threshold for distinguishing Type A programs is \$300,000 of federal awards expended.
9. Central Utah Mental Health/Substance Abuse Center was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount Expended</u>
Indirect Assistance:			
Department of Education:			
State Department of Human Services:			
Safe and Drug Free Schools and Communities	84.186	05-2369	<u>14,368</u>
Total Department of Education			<u>14,368</u>
Department of Health and Human Services:			
State Department of Human Services:			
Consolidated Knowledge, Development and Application Program	93.230	02-1042	34,797
Cooperative Agreements for State Treatment Outcomes and Performances Pilot Studies Enhancement	93.238	05-2369	20,033
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	05-2369	7,230
Block Grant for Community Mental Health Services	93.958	05-2438	90,900
Block Grants for Prevention and Treatment of Substance Abuse	93.959	05-2369	<u>458,913</u>
Total Department of Health and Human Services			<u>611,873</u>
Total Indirect Assistance			<u>626,241</u>
Total Federal Assistance			<u><u>626,241</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of the Central Utah Mental Health/Substance Abuse Center. The reporting entity, Central Utah Mental Health/Substance Abuse Center, is defined in Note 1 to the Central Utah Mental Health/Substance Abuse Center's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Central Utah Mental Health/Substance Abuse Center's basic financial statements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2006

There are no prior audit findings.

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AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Executive Committee

Central Utah Mental Health/Substance Abuse Center

Mt. Pleasant, Utah 84647

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center, for the fiscal year ended June 30, 2006, and have issued our report thereon dated November 22, 2006. As part of our audit, we have audited Central Utah Mental Health/Substance Abuse Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2006. The Center received the following major State assistance programs from the State of Utah:

Utah Division of Mental Health (Substance Abuse)

Our audit also included testwork on the Center's compliance with those general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Other Compliance Requirements

The management of Central Utah Mental Health/Substance Abuse Center is responsible for the Association's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Central Utah Mental Health/Substance Abuse Center, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the fiscal year ended June 30, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 22, 2006
Richfield, Utah

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER

MANAGEMENT LETTER

JUNE 30, 2006

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Richfield, Utah 84701

Phone 896-6488

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

During our audit of the funds of Central Utah Mental Health/Substance Abuse Center for the fiscal year ended June 30, 2006, we noted an area needing corrective action in order for the Center to be in compliance with state laws and regulations. This item is discussed below for your consideration.

COMPLIANCE:

Cash Management

State law requires that all public funds be deposited daily, whenever practicable, but not later than three business days after receipt.

Finding:

During our test of deposits of public funds we noted that seven of twenty-two deposits tested were not made within three days of receipt.

Recommendation:

We recommend that all public funds receipted be deposited within three business days after receipt.

Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Central Utah Mental Health/Substance Abuse Center's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 22, 2006
Richfield, Utah